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SUBJECT: GUYANA ECONOMIC & COMMERCIAL ROUND-UP
JUNE-JULY 2006

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Mining: Cambior prepared to sell bauxite stake

[¶1. Canadian mining company Cambior announced on June 16 that it is prepared to sell all or part of its 70% stake in Omai Bauxite Mining Inc. \(OBMI\) and is on the lookout for new investors with a view to having a transaction completed by year-end 2006. The company cites increasing competition from Chinese bauxite products as well as its intention to focus on its core gold business. Cambior's Omai Gold Mines Limited is contemplating restarting operation after ceasing mining last year when reserves ran out after twelve years of operation.](#)

ESTH: Environmental permit sought for Berbice River bauxite project

[¶2. The Bauxite Company of Guyana Inc \(BCGI\), a subsidiary of the RUSAL Group of Russia, has applied for an environmental authorization to extract bauxite from approximately 3,400 acres of land on the East Bank of the Berbice River. The company is investing US\\$18.6 million in the project, which is expected to produce US\\$ 60.8 million worth of bauxite annually. The company expects to produce three million metric tons yearly at the rate of 10,000 tons per day over the twenty-year life of the project. RUSAL officially took over the operations of the formerly GOG-owned Aroaima Mining Company on April 1.](#)

Banking: Republic Bank Rebrands, Introduces Debit Cards

[¶3. The National Bank for Industry and Commerce officially rebranded itself Republic Bank \(Guyana\) Limited on June 5, in keeping with its parent company in Trinidad and Tobago and sister companies in Grenada and Dominican Republic. On June 26 the bank launched its pre-paid Visa Travel Money \(VTM\) card that will allow users to access money from ATMs and make purchases wherever Visa is accepted](#)

worldwide. The VTM cards cannot be used for internet purchases, to make pre-bookings for hotels and car rentals or over the phone.

Debt: Guyana receives US\$322M debt relief from World Bank

¶4. Effective July 1, the World Bank cancelled US\$322M in debt to the International Development Association (IDA) under the Multilateral Debt Relief Initiative (MDRI), which is the total amount of additional IDA debt relief provided under the MDRI and the IDA portion of debt relief already committed under the Heavily Indebted Poor Countries Initiative (HIPC). Guyana will receive estimated MDRI relief in the amount of US\$189M, which is in addition to the US\$133M in IDA debt relief committed under the HIPC Initiative.

Public Finance: Revenue Authority granted \$876M in exemptions for 2005

¶5. The Guyana Revenue Authority (GRA) announced on June 30 that it granted a total of G\$876.1 million (US\$4.36 million) in individual exemptions of duty, consumption tax and purchase tax, with re-migrants receiving G\$352.4 million (US\$1.75 million) in exemptions and public and contracted officers being afforded G\$523.78 million (US\$2.61 million) for calendar year 2005. Among public officers, 17 Members of Parliament had the most exemptions with a total of \$141 million (US\$700,000) in write-offs. The GRA also granted duty and consumption tax exemptions to corporate entities amounting to G\$4 billion (US\$20 million) on articles whose value was G\$11.8 billion (US\$58 million) in a number of sectors for the year 2005.

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Oil: Sadhna to start onshore exploration in September

¶6. Commissioner of the Guyana Geology and Mines Commission (GGMC), Robeson Benn, said on July 23 that Trinidad-based Sadhna Petroleum Services Company Ltd, one of the two oil companies to sign agreements with the GOG in the last year, is to commence operations on the ground in September 2006. Sadhna will be exploring for oil on the Corentyne Coast with a license valid for four years. According to the agreement, the GOG will reportedly receive 50% of profits in the event of a commercial discovery that leads to production. Canadian firm Groundstar Resources Ltd has also obtained a license to prospect for oil in Guyana's interior.

Civil Aviation: TSA Conducts Security Workshop

¶7. The GOG, in association with the Inter-American Committee against Terrorism of the Organization of American States, concluded a five-day workshop on civil aviation security in Georgetown on July 21. Two U.S. Transportation Security Administration (TSA) instructors led the course, which focused on standards and recommended practices by the International Civil Aviation Organization (ICAO). The workshop also reviewed Guyana's national security program.

Energy: MOU for US\$300M hydropower station at Amaila Falls

¶8. Minnesota-based Synergy Holdings Inc has signed an agreement for the construction of a hydropower station worth US\$300 million and will also make available to Guyana Power and Light (GPL) a four unit Wartsila plant that will supply 25 megawatts of power by February 2007. According to the two Memoranda of Understanding which were signed in May 2006, the Wartsila plant is an interim arrangement as Synergy moves to establish a 100 megawatt hydropower station at Amaila Falls, to supply hydropower to the national grid. The

hydropower plant will break ground in August 2007. Synergy President Makershwar Flip Motilall said that 70% to 75% of the US\$300M financing for the Amalia Falls hydropower plant will come from multilateral banks and the remainder from equity financing through the private sector. According to Motilall the firm does not intend to seek a local source of financing. The project is expected to begin commercial operation by late 2010.

Aid: Notes signed for \$US5.6M water project in Corriverton

¶9. Clement Rohee, GOG Minister of Foreign Trade and International Cooperation, and the Charg d'Affaires in the Embassy of Japan in Trinidad and Tobago signed and exchanged notes on July 24, for construction of a US\$5.6 million water project in Corriverton, Berbice (eastern Guyana). The project will be done in two phases to be completed over three year period and is expected to serve some 30,000-40,000 people. The Corriverton Potable Water Project was submitted by the Government of Guyana for funding under the Japan's Grant Aid Program. The project includes construction of two water treatment plants as well as the introduction of modernized filtration technology for the first time in Guyana.

Inflation Watch: Consumer Price Index - June 2006

¶10. The Bureau of Statistics reported that inflation for the first half of 2006 (December 2005 to June 2006) was 3.4%, including a 0.9% increase in the consumer items monitored in the Urban Georgetown Consumer Price Index (CPI) basket of goods and services. The price index value accordingly moved from 215.5 in May 2006 to 217.6 in June 2006. Year on year inflation (June 2005 to June 2006) was 8.3%.

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